

**COMMITTEE ON THE WELFARE OF
SCHEDULED CASTES AND
SCHEDULED TRIBES
(2023-2024)**

**(SEVENTEENTH LOK SABHA)
TWENTY NINTH REPORT**

ON

MINISTRY OF SOCIAL JUSTICE AND EMPOWERMENT

Action taken by the Government on the recommendations contained in the Twenty Third Report (17thLok Sabha) of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes on the Subject- “Review of Functioning of National Scheduled Castes Finance and Development Corporation (NSFDC)”.

Presented to Lok Sabha on 18.12.2023

Laid in Rajya Sabha on 14.12.2023



**LOK SABHA SECRETARIAT
NEW DELHI**

14 December, 2023 / 23 Agrahayana, 1945 (Saka)

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COMPOSITION OF THE COMMITTEE ON THE WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES (2023-24)

Dr. (Prof.) Kirit Premjibhai Solanki - Chairperson

MEMBERS - LOK SABHA

2. Shri Girish Chandra
3. Shri Guman Singh Damor
4. Shri Anil Firojiya
5. Shri Tapir Gao
6. Smt. Goddeti Madhavi
7. Smt. Pratima Mondal
8. Shri Ashok Mahadeorao Nete
9. Shri Vincent H. Pala
10. Shri Chhedi Paswan
11. Shri Prince Raj
12. Shri A. Raja
13. Shri Upendra Singh Rawat
14. Smt. Sandhya Ray
15. Shri Mohammad Sadique
16. Shri Jagannath Sarkar
17. Shri Ajay Tamta
18. Shri Rebati Tripura
19. Shri Krupal Balaji Tumane
20. Shri Kamlesh Paswan,

MEMBERS - RAJYA SABHA

21. Shri Abir Ranjan Biswas
22. Shri Anthiyur P. Selvarasu
23. Dr. V. Sivadasan
24. Smt. Phulo Devi Netam
25. Smt. Kanta Kardam
26. Dr. Sumer Singh Solanki
27. Shri Nabam Rebia
28. Shri Kamakhya Prasad Tasa
29. Shri Samir Oraon
30. Shri Niranjan Bishi

SECRETARIAT

- | | | | |
|----|---------------------------|---|---------------------|
| 1. | Shri D.R. Shekhar | - | Joint Secretary |
| 2. | Shri R.L. Yadav | - | Director |
| 3. | Shri Kulmohan Singh Arora | - | Additional Director |
| 4. | Ms. Pooja Kirthwal | - | Committee Officer |

INTRODUCTION

I, the Chairperson, Committee on the Welfare of Scheduled Castes and Scheduled Tribes having been authorised by the Committee to finalise and submit the Report on their behalf, present this Twenty Ninth Report (Seventeenth Lok Sabha) on Action Taken by the Government on the recommendations/observations contained in the Twenty Third Report (Seventeenth Lok Sabha) on the subject "Review of Functioning of National Scheduled Castes Finance and Development Corporation (NSFDC)" pertaining to the Ministry of Social Justice and Empowerment.

2. The draft Report was considered and adopted by the Committee at their sitting held on 13.12.2023. (Appendix-I).

3. The Report has been divided into the following chapters:-

I Report

II Recommendations/Observations which have been accepted by the Government.

III Recommendations/Observations which the Committee do not desire to pursue in view of replies of the Government.

IV Recommendations /Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration.

V Recommendations / Observations in respect of which final replies of the Government have not been received.

4. An analysis of the Action Taken by the Government on the recommendations contained in the Twenty Third Report (Seventeenth Lok Sabha) of the Committee is given in Appendix-II.

**New Delhi;
14 December, 2023
23 Agrahayana, 1945(Saka)**

**DR. KIRIT P. SOLANKI
Chairperson
Committee on the Welfare of
Scheduled Castes and
Scheduled Tribes.**

CHAPTER – I

REPORT

This Report of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes deals with the action taken by the Government on the recommendations contained in their Twenty Third Report (Seventeenth Lok Sabha) on “Review of Functioning of National Scheduled Castes Finance and Development Corporation (NSFDC)”.

1.2 Twenty Third Report was presented to Lok Sabha and laid in Rajya Sabha on 24th March, 2023. It contained 13 recommendations/observations. Replies of the Government in respect of all these recommendations/observations have been examined and are categorised as under:-

(i) Recommendations/Observations which have been accepted by the Government (Sl. Nos. 2, 3, 4, 5, 9, 10, 11 & 13).	Total – 08 Percentage – 62%
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(ii) Recommendations/Observations which the Committee do not desire to pursue in the light of the replies received from the Government (Sl. Nos. 6, 7 & 12).	Total - 03 Percentage – 23%
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(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration (Sl. Nos. 1 & 8).	Total - 02 Percentage – 15%
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(iv) Recommendations/Observations in respect of which final replies of the Government have not been received (Sl. Nos. Nil).	Total - Nil Percentage - 0
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1.3 The Committee trust that utmost importance would be given to implementation of the recommendations/observations accepted by the Government. In cases, where it is not possible for the Department to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons therefor. The Committee further desire that Action Taken Notes on the recommendations/observations contained in Chapter-I should be furnished to them at an early date.

1.4 The Committee will now deal with the Action Taken by the Government on those recommendations which need reiteration or comments.

Recommendation No. 1

1.5 The Committee had recommended as under:

“The Committee are disappointed over the fact that National Scheduled Castes Finance and Development Corporation (NSFDC) being a pioneering organization mandated for economic upliftment of Scheduled Castes, itself do not have enough representation of Scheduled Castes in Board of Directors. Out of total 15 Members, there are currently only 2 SC members in Board of Directors. As per information provided to the Committee, there are 2 vacancies in Non-Official and 7 vacancies in Official Board of Directors (including 3 Official Director posts in State SC Development Corporation) lying vacant. The Committee strongly feel that induction of an SC candidate in Board of Director would prove to be a catalyst in shaping the overall functioning of NSFDC. The Committee feel that the person belonging to SC category would be more personally invested in implementing various schemes meant to empower SC applicants financially with right prespective. Also he/she would be well aware of the various bottlenecks and tribulations being faced by the target groups due to which they are not able to utilize the benefits of path breaking schemes being offered by NSFDC. Accordingly they would also be able to provide rational solutions to bypass them. The Committee would therefore like to recommend strongly that vacant posts in Board of Directors should be filled at the earliest while ensuring adequate representation of Scheduled Castes therein.”

Reply of Government

1.6 In this regard, The Ministry have submitted the following reply:

“The composition of the Board is provided in the Article 55(2) of the Articles of Association of NSFDC. Proposal for 04 Directors i.e. representing NABARD, Ministry of Small and Medium Enterprises (MSME), Ministry of Finance and AFC India Limited has been approved by Hon’ble MSJE. Further action for notification of the same is under process.”

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Comments of the Committee

1.7 The Committee are not convinced with the vague reply of the NSFDC in response to their recommendation that vacant posts in Board of directors of NSFDC should be filled at the earliest while ensuring adequate representation of Scheduled castes therein. The Committee would like to be informed whether there are any SC/ST

candidates amongst those who have been proposed for the post of Directors representing NABARD, Ministry of Small and Medium Enterprises (MSME), Ministry of Finance and AFC India Limited. Further, there are still 5 vacancies of official and non-official Board of members which still need to be filled. The Committee reiterate that Ministry should propose the names of candidates hailing from SC/ST community as NSFDC is an organisation which primarily works for the economic empowerment of scheduled castes community and hence the inclusion of SC/ST candidates to the Board of Directors would serve to achieve its mandate.

Recommendation No. 8

1.8 The Committee had recommended as under:

“The Committee observe that as on 31.10.2022, the authorized share capital of NSFDC is Rs. 1500 crore during the span of 33 years since its inception. The Committee opine that considering the credit schemes which are being floated by NSFDC, an amount of Rs 1500 crore is quite meager. The Committee have been informed that during the year 2021-22, NSFDC has sought for a share capital of Rs 2500 crore which is awaiting comments of various ministries/Departments. The Committee would like to recommend that the matter should be vigorously pursued by NSFDC with the government at the highest level in order to enhance the funding for various schemes.”

Reply of Government

1.9 In this regard, the Ministry have submitted the following reply:

“The matter of enhancement of authorized share capital of NSFDC from Rs.1500 crore to Rs.2500 crore was submitted for approval of Expenditure Finance Committee. In place of enhancement of authorized share capital, the Department of Expenditure, Ministry of Finance has vide OM No. 41(06)/PFC-II/2018-Vol.1 dated 14.12.2022 has approved a one-time capital infusion of Rs.15.00 crore only as B.E. for 2023-24 whereas as per the proposal for enhancement of authorized share capital of NSFDC from Rs.1500 crores to Rs. 2500 crore, NSFDC needs equity support of Rs. 200 crore for disbursing Rs. 885.00 crore to cover 1,28,000 beneficiaries in 2023-24.”

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Comments of the Committee

1.10 The Committee are perplexed to note the reply of the Ministry that NSFDC has only received one time capital infusion of 15 crores despite submitting a proposal of enhancement of authorized share capital from Rs.1500 crore to Rs. 2500 crore. NSFDC needs equity support of Rs. 200 crore for disbursing Rs. 885.00 crore to cover 1,28,000 beneficiaries in 2023-24. The Committee would like to reiterate that NSFDC should push for more funds and may prepare supplementary proposal for grant of more equity support for achieving its beneficiary goals. The Committee would like to recommend that Ministry of Social Justice and Empowerment should also pursue the matter vigorously with Department of Expenditure, Ministry of Finance on behalf of NSFDC for allocation of the requisite equity support in order for robust functioning of schemes under its ambit and enhancing the access of such schemes to maximum targeted beneficiaries.

Recommendation No. 7

1.11 The Committee had recommended as under:

“The Committee note that since its inception in February, 1989 till 30.09.2022, there have been only 17 lakh beneficiaries belonging to Scheduled Castes under its credit based schemes. The Committee are dismayed to note that in a country like India which has vast population, the beneficiary coverage of NSFDC scheme is quite dismal. As per the data provided during the past 3 years during the credit schemes which have found maximum takers are Term Loan, Laghu Vyayasay Yojana, Micro Credit Finance and Mahila Samridhi Yojana. However some schemes like Stand up India Scheme, Udyam Nidhi Yojana, Mahila Kisan Yojana, Shilpi Samridhi yojana and Vocational Education & Training Loan Scheme have lesser beneficiaries. The Committee have further been informed that since 2013- 14, NSFDC has partnered up with other agencies to expand outreach of schemes under its wing. The Committee would like to be informed whether with adoption of this strategy has there been an exponential increase in the number of beneficiaries. The Committee may also be apprised regarding any alternate strategy being worked out by NSFDC to increase the number of beneficiaries. The Committee would like to recommend that schemes with low SC beneficiaries should be promoted well enough specifically among the target SC population who can derive maximum benefit from those specific schemes.

The Committee also recommend that NSFDC should consider revamping the norms of the schemes like increase the credit limit and repayment period. NSFDC has also asserted that any interest subvention would not offer any interest margin benefits to NSFDC and would make it more dependent on Gol to sustain the support to the target group on year to year basis and even for meeting its operational costs in the long term. However the Committee would like to impress upon the fact that in order for the benefits of the scheme to reach the lowest rung of society, the interest rate need to be made amenable for them to repay any kind of loan amount. Often the interest rates which are deemed plausible by the corporation are not within the financial status of SC borrowers. Also, Committee feel that the primary goal of NSFDC should be to increase the number of SC beneficiaries rather attaining financial independence for self. Therefore, lowering interest rates for the schemes which are not be availed at all seem like a logical solution at the moment. Interest rates for such schemes can be reverted back to original as and when the numbers rise..”

Reply of Government

1.12 In this regard, the Ministry have submitted the following reply:

“The following is submitted with respect to the observations/recommendations of the Committee regarding growth in number of beneficiaries over the years under NSFDC’s Schemes:

The Committee has sought reply on whether partnering with alternate agencies since 2013-14 for expanding outreach has resulted in increase in number of beneficiaries covered. In this regard, it is submitted that NSFDC was channelizing funds since inception from 08.02.1989 till 31.03.2012 through its traditional agencies namely the State Scheduled Castes Development Corporations nominated by the respective State Governments /Union Territory Administrations as the State Channelizing Agencies (SCAs) of NSFDC. These SCAs were not able to fulfil the prudential norms of NSFDC and NSFDC schemes were non-functional in SC concentrated States such as Uttar Pradesh, Bihar, Madhya Pradesh, Assam, Tamil Nadu, Odisha, Jharkhand etc. Out of total 37 SCAs, only 17 Agencies were functional in 2022-23. Since 2013-14, the NSFDC, consequent upon the RBI letter No. DBOD.DIR.No.10009.13.7.01/2011-12 dated 11.01.2013 permitting Banks to avail re-finance from NSFDC and charge interest below base

rates, started the alternate Banking Channel. The efficacy of the alternate Banking Channel as compared to the existing SCA channel in expanding outreach can be seen from the following table:

Table: Financial and Physical performance through traditional partners during 5 years prior to 2013-14.

Year	Disbursement (Rs./Crore)	Number of Beneficiaries	Number of traditional Partners (SCAs)
2008-09	145.33	37041	21
2009-10	151.19	58983	23
2010-11	180.09	47728	22
2011-12	182.77	43772	20
2012-13	201.55	50048	21
TOTAL	860.93	237572	

Table: Financial and Physical performance through performing SCAs and Alternate Banking Channel since 2013-14.

Amount in Crore and Beneficiaries in Numbers

Year	SCA Channel			Alternate Banking Channel			Total (SCAs+Alt. Channel)	
	Funds Disbursed	Beneficiaries	Number of SCAs	Funds Disbursed	Beneficiaries	Banks availing funds (Number)	Funds Disbursed	Beneficiaries
2013-14	175.60	42025	21	69.54	12950	02	245.14	54975
2014-15	213.65	45120	22	56.62	25765	02	270.27	70885
2015-16	158.29	37370	25	220.65	34545	16	378.94	71915
2016-17	277.45	57306	23	201.53	24799	16	478.98	82105
2017-18	222.93	56383	19	377.96	51957	13	600.88	108340
2018-19	256.48	40566	18	414.72	40865	16	671.21	81431
2019-20	276.90	35907	19	404.60	48063	15	681.50	83970
2020-21	180.05	63824	18	368.18	30178	17	548.23	94002
2021-22	224.40	41992	15	347.61	34227	18	572.01	76219
2022-23	274.49	47718	18	361.46	36270	27	635.95	83988
Total	2260.24	468211		2822.87	339619		5083.11	807830

It may be seen from the above two tables that had share of alternate Banking Channel to the total fund disbursed has increased from 28.36% (2013-14) to 60.76% (2021-22) and the cumulative share of last 10 years comes to 55.34 % of the total disbursement. The total disbursement during the last 10 years has increased number of beneficiaries from 2013-14 to 2022-23 would have been limited to 4.68 lakh numbers only. In actual terms, the alternate channel has contributed to increase in beneficiaries numbering 339619 which is 42% of the total actual beneficiaries in the corresponding period through both the channels.

Further, it may also be seen that, during the last 02 financial years 2021-22 & 2022-23 the alternate channel has contributed about 45% & 43% of the total year beneficiaries respectively.

The principal source of NSFDC funds are the repayments received from the SCAs/CAs which are recycled for onward lending. In addition to this, MoSJ&E was providing a limited equity support till 2019-20. This equity support has been temporarily stopped from 2020-21 for three years till 2022-23. The funds disbursed to the SCAs/CAs are out of the available resources with NSFDC and on an average 90-95% of available funds are disbursed each year to the SCAs/CAs for onward lending to the beneficiaries. Hence, in the absence of the equity support, NSFDC is under severe constraint to disburse funds out of available resources only. Thus, this factor limits the quantum of funds released by NSFDC leading to low coverage of beneficiaries.

NSFDC loans are extended to the eligible SC beneficiaries for taking up need based business activities. The number of beneficiaries is also inversely proportional to the per capita disbursement which means higher the per capita disbursement, lower the number of beneficiaries. If the beneficiaries choose economic activities having higher investment for acquiring income generating assets, the per capita disbursement will go up. NSFDC's disbursement is incumbent on the nature of project proposals sponsored by its SCAs/CAs. The resultant numbers of beneficiaries are achieved against the amount disbursed in a mix of high, medium and low ticket size loans as per the choice of applicants. Further, the cost of project assets always shows a rising trend due to increase in prices over the years which require higher per capita loans resulting in lower number of beneficiaries. Therefore, to achieve the goal of significant growth in number of beneficiaries, the solution may lie in exploring lending models through last mile financiers and extend small ticket size loans to a large number of SC persons.

The Committee has sought reply on any further alternate strategy being worked out by NSFDC to increase the number of beneficiaries. In this regard, it is to submit that any financing channel has its merits and demerits. The following financing channels are being persisted with since inception with further alternate strategy to improve the financial and physical performance of NSFDC.

Channel	Nature	Agencies	Issues and Strategy
1.	Traditional	State SC Development Corporations	<ul style="list-style-type: none"> • Nominated by State Governments • Very few fulfilling prudential norms. • 17 performing agencies out of 37. • Strategy – continue with traditional partners, handhold, incentivize the performing agencies through continuous engagement with SCAs and State Governments.
2.	Alternate	Banks & Others	<ul style="list-style-type: none"> • Started from 2012-13 • From 1 partner Bank in 2012-13, the numbers of partners have grown to 10 Public Sector Banks and 39 Regional Rural Banks in 2023-24. • Some of the Banks not availing funds after signing MOAs. • NSFDC's strategy is to build a win-win partnership with Banks through consultative and collaborative approach and support from MoSJ&E and DFS, Ministry of Finance. • Of late, Banks have been asking for increase in interest spread from 3% to 4% under NSFDC re-finance. • Some of the RRBs are not fulfilling the NSFDC prudential norms. • Long term strategy is to revise the NSFDC Lending Models to make it more acceptable to Banks.
3.	Alternate	NBFC-MFIs	<ul style="list-style-type: none"> • NBFC-MFI are last mile financiers working under RBI regulations. • NSFDC had started the NBFC-MFI channel in 2014-15 after approval of RBI with one partner from Aurangabad, Maharashtra. • The channel could not expand from 2014-15 till 2021-22 due to stringent security norms of NSFDC for disbursements to NBFC-MFIs. • NSFDC with the support of Sa-dhan (Professional Body of MFIs in the country recognized by RBI and various Central Ministries) has revised its security norms for a limited pilot lending in three Eastern States (Bihar, Odisha and Jharkhand). • On success of the pilot, further steps will be taken to expand outreach through NBFC-MFIs in other States which may result in significant growth in beneficiaries.

4.	Future Partners	Small Finance Banks	<ul style="list-style-type: none"> • RBI licenced Small Finance Banks are operating in the country since last three years. • There are 12 SFBs operating Pan India with strong presence in certain regions of
			<p>the country.</p> <ul style="list-style-type: none"> • These SFBs are also last mile financiers which can be explored for expanding outreach under NSFDC schemes resulting in increase in beneficiaries. • NSFDC may study the performance of SFBs and explore channelizing funds through some of them in 2023-24.
5.	Future Partners	Mahila Nidhis and State Cooperative Banks	<ul style="list-style-type: none"> • There are 2 successful Mahila Nidhis namely StreeNidhi, Telangana and StreeNidhi, AP partly funded by the concerned Rural Development Departments of the States with remaining equity from the community. • NSFDC already has a MOA with StreeNidhi, Telangana which has been funded Rs.50.00 crore in 2022-23 for 5,555 SC women beneficiaries. • Efforts are underway to sign MOA with StreeNidhi, AP too. • The Government has decided to form StreeNidhi type of Organizations in some more States including Rajasthan, Gujarat, Madhya Pradesh etc. • As and when, these Organizations are formed and start functioning, NSFDC may explore partnership with them for achieving increase in number of beneficiaries.
6.	Future Partners	State Cooperative Banks and Mahila Urban Cooperative Banks	<ul style="list-style-type: none"> • Cooperative Banks have come under RBI regulation recently. • NSFDC may identify State Cooperative Banks having sound financial position and explore partnership with them. • These prospective partnerships will help cover SC beneficiaries in uncovered areas.

The Committee has recommended revamping the NSFDC Schemes to increase credit limit and repayment period besides reducing the interest rates for ultimate beneficiaries in schemes where lending is low. In this regard, following submissions are made:

- (a) NSFDC provides financial assistance for need income generating activities of

SC persons having annual family income of up to Rs.3 lakh.

- (b) The present NSFDC lending policy is liberal to allow financial assistance under projects costing up to Rs.50 lakh per unit.
- (c) NSFDC has recently increased the credit limit from 90% to 95% of project cost for loans above Rs.10 lakh. It implies that NSFDC can provide maximum loan up to Rs.47.50 lakh in the project of Rs.50 lakh per unit. Further for business loans, the NSFDC allows repayment in up to 10 years' time depending upon nature of business. NSFDC repayment period also includes sufficient moratorium period on payment of principal amount to help the SC entrepreneurs to first stand up on their own feet while managing their business ventures.
- (d) NSFDC has also revised the Education Loan limit from Rs. 10 lakh to Rs. 20 lakh for full time professional / Technical courses in India and from Rs. 20 lakh to Rs. 30 lakh for studies abroad. This will enable the eligible SC students to meet the entire costs of their courses at a concessional rate of interest under NSFDC's Education Loan Scheme.
- (e) During 2022-23, the MoSJ&E launched a new scheme Development Action Plan for Scheduled Castes: Anusuchit Jati Abhyuday Yojana (DAPSC: AJAY) having two distinct components for providing interest subvention for the eligible Scheduled Castes loanees of Banks / SCAs. The first component – Amrit Jaldhaara Scheme (AJS) provides one time capital subsidy of maximum Rs. 50,000 /- per unit or 50% of the loan amount to Scheduled Castes persons. The other component - Young Entrepreneur Scheme (YES) provides one time capital subsidy of maximum Rs. 60,000/- or 50% of the loan amount to the eligible SC persons involved in economic activities strengthening logistics, warehouses, commercial vehicles etc. The NSFDC was nominated as a Nodal Agency for implementing DAPSC: AJAY for 2022-23. The status of transfer of one time Subsidy under AJS and YES is as under:

(Amount in Rs. crore, Beneficiaries in numbers)

Scheme Component	Released by MoSJ&E		Transferred by NSFDC		Balance Required	
	Amount	Beneficiaries	Amount	Beneficiaries	Amount	Beneficiaries
AJS	66.55	13,373	1.97	395	64.58	12,978
YES	112.99	19,653	49.68	8,767	63.31	10,886
Total	179.54	33,026	51.65	9,162	127.89	23,864

The total claim received in NSFDC up to 31.03.2023 is for Rs.249.51 crore against the target of Rs.230.00 crore. The above one time subsidies are helpful in reducing loan burden on the beneficiaries who are regularly repaying loans.

- (f) The present NSFDC differential interest rates for the ultimate borrowers (4- 8% p.a.) are quite concessional in nature and lower than the Bank rates (9- 12% p.a.). In the channel finance system in which NSFDC lends to its agencies, further lowering the interest rates may not be practical. The ultimate interest rate to SC borrowers can be broken down into two components i.e. the NSFDC lending rate to the SCAs/CAs and the interest spread allowed to Agencies. This is explained in the table below:

Scheme & loan size	NSFDC rate to SCAs/CAs	Interest spread for SCAs/CAs	Interest rate to borrowers
Mahila S Y (up to Rs.1.25 lakh)	1%	3%	4%
MCF(up to Rs.1.25 lakh)	2%	3%	5%
LVY(up to Rs.5 lakh)	3%	3%	6%
Term Loan (upto >5 lakh to Rs.10 lakh)	5%	3%	8%
TL (>10 lakh and upto Rs.47.50 lakh)	6%	3%	9%

Practically, about 93% of total NSFDC loans are for smaller ticket size up to Rs.5 lakh. It may be seen that for small schemes, NSFDC lending rates to SCAs/CAs such as 1%, 2%, 3% are very nominal. A minimum interest spread of 3% to SCAs/CAs is considered necessary as they identify credit worthy borrowers, carry out documentation, disburse and recover loans. NSFDC's weighted average earning is only about 2.45%. In other words, there is practically no scope to further reduce the NSFDC's lending rate in loans up to Rs.5 lakh or the interest spread to SCAs/CAs just to bring down the interest rate for ultimate SC borrowers. However, for term loans of high value i.e. above Rs.5 lakh and up to Rs.47.50 lakh per unit, NSFDC may explore to reduce its lending rates, provide slightly more spread to SCAs/CAs while marginally reducing the interest rates for ultimate borrowers."

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Comments of the Committee

1.13 The Committee have been informed that equity support provided by the Ministry of Social Justice and Empowerment has been stopped from 2020-21 for three years till 2022-23, the Committee may be apprised of the reasons for the same. At the same time the Committee may also be informed whether or not the Ministry have resumed the equity support for the current year. The Committee would like to stress that in order to make NSFDC financially healthy in disbursing funds and increase the number of beneficiaries, the Ministry should provide optimal equity support for its schemes to stay afloat and fructify. Further, the Committee note that out of 37 State SC Development Corporations only 17 are performing, they may be apprised regarding the reasons for non functioning of all corporations. The Ministry in their Action taken replies have also stated that some of the banks are not availing funds after signing MOAs, the Committee may be apprised as to what further action has been taken in this regard. As regard the revision of the lending models to make them more acceptable to the Banks, the Committee feel that the said revision should be done keeping in mind that the interest rates are within the repayment capacity of the beneficiaries.

The Committee note that the NSFDC with the support of Sa-dhan (Professional Body of MFIs in the country recognized by RBI and various Central Ministries) has revised its security norms for a limited pilot lending in three Eastern States (Bihar, Odisha and Jharkhand). They would like to be apprised of the outcome of pilot project w.r.t the success of NBFC-MFIs and further action thereon. The Committee may also be apprised of the progress made by NSFDC in exploring the possibility of partnering with Small Finance Banks. The Committee would like to recommend that NSFDC may consider the possibility of partnering with Indian Postal Bank (IPO) for disbursement of loans since Post office has a wider outreach in the rural sector. They are of opinion that bringing IPO onboard will help in targeted disbursal of funds by NSFDC in an effective manner.

Though the Committee laud the efforts of NSFDC for exploring alternate strategies to increase the net of beneficiaries, they would like to recommend that

NSFDC should continue to pursue the utility of these channels. The Committee are of firm opinion that successful operation of these channel would increase the number of beneficiaries multibound. The Committee would also like to stress that the role of Ministry of Social Justice and Empowerment also gains prime importance in this matter since the provision of equity support is necessary for NSFDC to cater to all beneficiaries seeking financial support under the various lending schemes. The Committee would also like to recommend that annual family income ceiling for the applicants seeking loan under Credit Based Schemes of NSFDC should be increased from the current ceiling of Rs.3.00 Lakh to Rs 5-8 Lakh. This step will further ensure wider beneficiary coverage of the NSFDC schemes.

CHAPTER – II
RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE
GOVERNMENT

Recommendation No. 2

2.1 The Committee had recommended as under:

“The Committee take serious note that the representation of ST in Group A is low as compared to prescribed percentage of 7.5% and NIL in Group C. The Committee would like to be apprised regarding the steps taken to ensure that requisite percentage of ST is achieved in Group A posts. The Committee further note that there have been no recruitment carried out for the years 2019, 2020 and 2021. Also no backlog is persisting in the organization. However, the Committee have also been informed that the recruitment to various posts in Group C is underway. The Committee may be apprised regarding the progress made in this regard within 3 months of presentation of this report in both the Houses of Parliament.”

Reply of Government

2.2 In this regard, the Ministry have submitted the following reply:

“It is submitted that NSFDC is following the reservation rules of the Govt. of India while filling vacancies through Direct Recruitment & Promotions. It is assured that NSFDC will fill up the ST points appearing in the reservation roster while filling vacancies in the future, in order to ensure that requisite percentage for ST is achieved.

It is submitted that NSFDC had conducted online exam through Institute of Banking Personnel Selection (IBPS) for recruitment to the post of Junior Executive and Senior Assistant in Group – C. As on date NSFDC has appointed 1 SC category candidate, 1 ST category candidate, 1 Person with Benchmark Disabilities (PwBD - OBC) candidate and 1- Unreserved (UR) candidate on the post of Senior Assistant. Only one candidate who qualified in the written exam for the post of Junior Executive did not join.”

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Recommendation No. 3

2.3 The Committee had recommended as under:

“The Committee have been informed that rosters are inspected periodically by the Liaison Officer. It was also stated that the rosters were last inspected on 31.12.2021. The Committee may be apprised whether any discrepancies have been pointed out during the roster inspections and what corrective measures have been taken to remove the same. It may also be informed whether the roster inspection is also being done by the representatives of the Ministry of Social Justice and Empowerment. If not, reasons for the same may be furnished. The Committee recommend that the roster inspection be carried by nodal Ministry on regular basis to ensure proper implementation of reservation orders regarding roster maintenance. Further, if necessary officials entrusted work to prepare roster be imparted training at ISTM under the supervision of DOPT.”

Reply of Government

2.4 In this regard, the Ministry have submitted the following reply:

“Reservation rosters are being updated as on 1st January of the year. No such discrepancies have been pointed out during the roster inspections by the Liaison Officer – SC/ST/OBC.

Internal Audit Wing, Office of Pr. Chief Controller of Accounts, MoSJ&E had audited the work of NSFDC including inspection of rosters. Further officials entrusted with the work of preparing rosters will be imparted training at Institute of Secretariat Training and Management (ISTM) under the supervision of Department of Personnel and Training (DoPT).”

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Recommendation No. 4

2.5 The Committee had recommended as under:

“The Committee during the course of evidence was informed that there was no SC/ST Employees’ Welfare Association in existence in NSFDC. The Committee feel that this is an issue of utmost concern since the SC/ST employees’ welfare Association plays a crucial role in providing a forum for SC/ST employees of any organization to voice their concerns/issues before the Management and functions as an effective tool in providing apt redressal for grievances of SC/ST employees. NSFDC is currently been manned with 76 personnel, out of which 32 belong to SC/ST. Considering that almost half of the employees belong to SC/ST

category, the genesis of SC/ST employees' welfare Association appears to be fair necessity. The Committee therefore recommend that in case SC/ST association is formed in NSFDC in future, necessary facilities should be provided for its smooth functioning."

Reply of Government

2.6 In this regard, the Ministry have submitted the following reply:

"The Corporation has constituted NSFDC SC/ST Employees Welfare Association /Union to look into the grievances of SC/ST employees of the Corporation vide Office Order No. NSFDC/HR/Misc.-Min./1999/Vol.VI dated 07th October, 2022."

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Recommendation No. 5

2.7 The Committee had recommended as under:

"The Committee have been informed that NSFDC has outsourced the work relating to housekeeping and security services and other non-core works. The Committee may be provided with details regarding the number of Scheduled Castes and Scheduled Tribes personnel employed through contractual appointment. The Committee would further like to invite the attention of Ministry and OMCs to DoPT order No. 36036/3/2018-Estt dated 15.05.2018 whereby reservations are to be made for Scheduled Castes and Scheduled Tribes in all temporary appointments, except appointments which are to last for less than 45 days. The Committee recommend that NSFDC being principal employer should impress upon the contractors to follow the aforesaid order in letter and spirit to ensure adequate representation of Scheduled Castes and Scheduled Tribes in contractual appointments."

Reply of Government

2.8 In this regard, the Ministry have submitted the following reply:

"Details of outsourced workers (as on today) is as under:

Total outsourced workers	: 19
General category	: 05
OBC category	: 05
SC category	: 09
ST category	: -

It is submitted that NSFDC being the Principal employer has been given instruction to the contractor to provide manpower in NSFDC complying to the Ministry and OMCs to DoPT order No. 36036/2018-Estt dated 15.05.2018.”

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Recommendation No. 9

2.9 The Committee had recommended as under:

“As per information furnished during the year 2021-22, 16395 SCs were imparted skill training. Out of these 5932 were wage employed and 4926 were self-employed. It is pertinent to point out that 5537 individuals were still unemployed. It is a matter of serious concern that SCs are left directionless post training in the absence of employment. The objective of skill training would remain unfulfilled if the trainees do not bag employment. The Committee would therefore like to recommend that NSFDC should make provision for ensuring that individuals receiving training secure job post skill training. Most SC individuals after receiving training are either wage workers or self employed which casts serious doubt over the success of training programmes. The Committee therefore, recommend that NSFDC should tie up with agencies/potential employers and organize recruitment camps where the talent of trainees can be showcased and on the spot recruitment can be carried out. The Committee would like to underline every trainee should be provided means of livelihood with a promise of decent remuneration so that the rationale behind imparting skill training is not defeated.

The Committee would also like to recommend that stipend amount should be increased from Rs 1500 per month to at least Rs 5000 per month which is well within line with the current inflation rate and living standards. This will provide an incentive for more applicants to apply for skill development training programmes.”

Reply of Government

2.10 In this regard, the Ministry have submitted the following reply:

“NSFDC, one of the Implementing Agencies, has been implementing employment oriented NSQF compliant Skill Development Training Programmes for the persons belonging to the Scheduled Castes, (in the age of 18-45 years) under PM-DAKSH Yojana, a Central

Sector Scheme launched by the Ministry of Social Justice and Empowerment, Government of India, from the financial year 2020-21.

The Skill Development Training Programmes are implemented as per the Common Norms issued by Ministry of Skill Development and Entrepreneurship, Government of India, from time to time, through the Training Institutes selected by MoSJ&E. As per the Common Norms, the Training Institutes, implementing Skill Development Training Programmes, are required to provide placement (wage & self) to at-least 70% certified trainees. Further, it is also mandatory requirement to make a Training Institute eligible for release of 3rd installment i.e. 30% of the Training Cost, as per the Common Norms, under a specific Training Programme/Batch.

During the financial year 2021-22, Skill Development Training Programmes were commenced for 16,395 SC persons, out of which 15,647 trainees have been certified. The placement of trainees is a continuous process. As per the latest placement status compiled as on 31.03.2023, a total of 12,070 persons have been employed constituting 77.14% as against the mandate of 70% employment. Out of which, 6,772 and 5,298 trainees are placed in wage-employment and self- employment, respectively. It may not be feasible to provide placement to all the certified trainees by the Training Institutes due to various reasons such as reluctance to migrate long distance for employment, wage less than expectation, pursuing higher studies. Further, the Training Institutes, implementing SDTPs under PM-DAKSH Yojana, are advised to organize the Job/Recruitment Mela and invite the prospective employers so that more trained candidates are provided sustainable employment to earn decent remuneration and improve their livelihood.

As far as the stipend amount is concerned, the amount is an additive apart from free-training. The amount is being paid to meet out the expenses towards to and fro and incidental expenses by the trainees undergoing non-residential Skill Development Training Programmes. The stipend amount @ Rs.1,500/- per month per person has been approved by the SFC and incorporated in the five (5) year plan of PM-DAKSH Yojana (2021-22 to 2025-26). However, the recommendation of the Committee has been noted and the same may be considered while reviewing the guidelines of PM-DAKSH Yojana.”

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Recommendation No. 10

2.11 The Committee had recommended as under:

“The Committee note that no dedicated facilitation centre have been set up by NSFDC to provide assistance to SC persons at Village level. The Committee are perturbed to see that NSFDC relies upon State Channelizing Agencies (SCAs) at the village level for publicizing the schemes. The Committee would like to recommend that NSFDC should set up dedicated facilitation centers at village level in coordination with SCAs in order to help out villagers to avail the schemes. The Committee would like to impress upon the fact that for outreach of NSFDC schemes at grass root levels, it is necessary to equip village level target group with the necessary assistance like regular update on schemes which are being run by NSFDC including the application process, eligibility for various schemes, interest rates, repayment durations etc., filling up of paper work to apply for both credit & non credit schemes and how to shape up their future in entrepreneurship or set up business based upon the skill training received.”

REPLY OF GOVERNMENT

2.12 In this regard, the Ministry have submitted the following reply:

“NSFDC is a National Corporation having strength of about 82 officials only at Delhi Head Office level with three liaison centres in Mumbai, Bengaluru, and Lucknow & Kolkata for monitoring purpose. NSFDC facilitates applications from its target group during various awareness programmes conducted by its SCAs/CAs. NSFDC provides a grant of upto Rs.25000/- to its SCAs for organising such awareness programmes. The details of the persons belonging to Scheduled castes are obtained in the BEAM App of NSFDC and they are guided by the SCAs to submit their applications under NSFDC schemes. During the launch of NSFDC schemes, the SCAs/CAs publicise the schemes widely for generating applications from SC target group. In addition, during the regional conferences organised by NSFDC in physical / virtual mode, the NSFDC schemes are publicised in the states/UTs. However, NSFDC being a Delhi based Organization engaged providing financial assistance to its eligible target group in channel finance mode with no field presence, establishing any village level set up would require huge investment in terms of administrative cost and local human resources.

The Committee has already noted that NSFDC has got paid-up capital of Rs.1500.00

crores during a span of 33 years. Further, in reply to Points 7 & 8, it has already been submitted that the NSFDC is not receiving any equity support from the Government during last three years and the Government has only agreed for a one time capital infusion of a meagre Rs.15.00 crore for 2023-24 instead of enhancement of authorized share capital from Rs.1500 crore to Rs.2500 crore.

In view of the circumstances explained in the forgoing paras, it may be appreciated that setting up dedicated facilitation centres of NSFDC to provide assistance to SC persons at village level would entail a huge capital expenditure. Therefore, NSFDC relies on the SCAs to publicize its schemes at the village level. However, on a pilot basis, NSFDC may explore possibilities of setting up of facilitation centre at village level by the State Channelizing Agencies with support from NSFDC, in selected villages of few states having concentrated SC population.”

(Vide **MOSJ&E** O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Recommendation No. 11

2.13 The Committee had recommended as under:

“The Committee are perplexed that various schemes which are offered by NSFDC do not have wide beneficiary coverage. The Committee also feel that despite various measures taken by NSFDC to raise awareness about the schemes, a majority of SC population is still oblivious of them. The Committee are of the opinion that until the schemes are well promoted and advertised the familiarization of target group will not happen. The Committee would like to recommend that apart from the measures which are being currently being adopted by NSFDC, TV and radio commercials should be run on prominent channel and FM stations. Apart from this it is also recommended that various agencies like NGOs should be roped in for rigorous promotion of these schemes at national, regional, district and village levels.”

REPLY OF GOVERNMENT

2.14 In this regard, the Ministry have submitted the following reply:

“NSFDC accepts the recommendations of the Committee for intensive publicity of its schemes. Presently, NSFDC schemes are also publicized through Radio(FM) Programmes “Sanwanti Jayen Jeevan ki Rahen” of the Ministry of Social Justice & Empowerment,

Government of India. Further, NSFDC schemes are also regularly publicized in various Exhibitions/Fairs Pan India. During 2022-23, NSFDC participated in various major exhibition/fairs namely Shilp Samagam Dilli Haat, INA, New Delhi, IITF Pragati Maidan, 36th Surajkund International craft mela, Haryana, North east Himalyan expo, Guwahati, Assam, Malwa Utsav mela, Indore, Swadeshi Jagran Manch mela, Kanpur etc. which have good foot falls and the visitors become aware of NSFDC self-employment loan schemes at the NSFDC stalls. NSFDC is also prepared 7 short 2 minute films to publicise its various credit based schemes and placed it on social media (Youtube, facebook). Further, NSFDC has also prepared a 12 minute short film on NSFDC schemes through National Film Development Corporation (NFDC) which will be shown at various awareness programs, exhibitions & fairs, regional workshops etc. The MOSJ&E also publicises NSFDC schemes through a selected advertising agency.

NSFDC may formulate its publicity policy through TV and Radio Commercials and also explore the possibility of roping in credible NGOs for promotion of its schemes at village, district and regional levels.”

(Vide **MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023**)

Recommendation No. 13

2.15 The Committee had recommended as under:

“The Committee note that the States under the ambit of evaluation are limited and the number of beneficiaries selected for external evaluation is also low. This may paint a rosy picture regarding the overall outreach of NSFDC credit and non credit schemes but the reality is far from utopian. The Committee note that during the year 2017-18, only 13 states were examined under Credit schemes and 13 were examined under non credit schemes. However in the years 2018-19 and 2019-20, 9 states were examined under Credit schemes and 7 were examined under non credit schemes. The Committee feel that while carrying out random survey during the evaluation studies for consecutive years, the variables should be kept constant in order to lend credibility to the finding of evaluation studies. This fact is also highlighted while doing comparative analysis of evaluation studies carried out by NSFDC and Ministry of Social Justice and Empowerment separately during the year 2019-20. As can be inferred from the data provided, NSFDC studies has taken into account 2700 SC individuals

in 9 states for credit based schemes. Amongst these 100 % had utilized the assistance and 100% had possessed the assets with the assistance provided. Resultantly, 10.52% beneficiaries crossed poverty line and 11.66% crossed double poverty line. However, there is deviation from this data when the assessment is done at Ministry' end wherein 3300 SC individuals were taken into account in 5 states for credit based schemes. Amongst these 99.6% had utilized the assistance and 99.5% had possessed the assets with the assistance provided. Resultantly, 68.1% beneficiaries crossing poverty line and 25.7% crossing double poverty line. Similar variations are also observed in the evaluation studies carried out in case of non credit based schemes. NSFDC have evaluated 430 SC individuals in 7 states and Ministry had a sample size of 400 in 5 states. As per NSFDC studies, SC individuals who got employment post training were 27%, 12% were self employed and 61% were unemployed. On the hand as per Ministry evaluation, SC individuals who got employment post training were 44%, 36% were self employed and 20% were unemployed. Thus, It is evident that by changing the variables i.e., no of states and beneficiaries, the outcome of studies is significantly altered. In light of the position stated, the Committee would like to recommend that real time evaluation of all the States and beneficiaries be carried out holistically in phases to determine the Pan India assessment regarding coverage of schemes offered by NSFDC wherein the number of states and beneficiaries be kept constant. This would also provide a more accurate and coherent picture in terms of success and percolation of these schemes.”

REPLY OF GOVERNMENT

2.16 In this regard, the Ministry have submitted the following reply:

“NSFDC has been commissioning external evaluation studies of its Credit & Non-Credit Based Schemes to know its impact on the economic development of its target group. Presently, the external evaluation studies are conducted by taking a State/UT wise sample size of 5% or 100 beneficiaries, whichever is higher, in case of Credit Based Schemes and 10% or 20 beneficiaries, whichever is higher, in case of Non-Credit Based Schemes.

As per the prevailing practice, the criteria for selecting States/UTs wherein evaluation studies are to be conducted under both Credit & Non-Credit Based Schemes are as below:

- i) In a particular year, NSFDC conducts evaluation studies covering 1/3rd of the total States and UTs such that all States/UTs are covered in a cycle of 3 years. In addition the PMU assigned by MOSJ&E also carry out evaluation studies.
- ii) States/UTs where utilization reports of loan extended/skill training completion reports were received from the concerned SCAs/Training Institutions by NSFDC during the previous year were commissioned.
- iii) States/UTs are selected in a particular year such that all the States/UT of India, where NSFDC schemes are implemented, is covered in a two years cycle, in general.

As the income accruing from a scheme may depend on the type and nature of scheme under which the beneficiaries availed loan, hence the findings like number of beneficiaries who crossed poverty line/double the poverty line, assets created also varied in case of evaluation study of credit based schemes conducted by NSFDC and the Ministry. Similarly, in case of non-credit based schemes, the number of beneficiaries who get employment, post training may vary with the job role in which skill training was provided, post placement support provided by the skill training institute as well as the willingness of the trainees to go for job employment variation may be there in the outcome of studies conducted by NSFDC and the Ministry. Further, there are a number of women centric schemes wherein the scope of placement is primarily in self-employment, as in Sewing Machine Operator, Hair dresser, Beautician etc. This factor may also be responsible for variation in outcome of the studies conducted by NSFDC and the Ministry.

NSFDC would, however, endeavour to carry out future evaluation studies, as recommended by the committee.”

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

CHAPTER – III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN THE LIGHT OF THE REPLIES RECEIVED FROM THE GOVERNMENT

Recommendation No. 6

3.1 The Committee had recommended as under:

“From the replies furnished by NSFDC, the Committee gather that currently two applications are pending regarding compassionate appointments, one applicant belonging to SC and other ST. It has also been stated that they would be considered whenever there are vacancies available under the prescribed 5% quota for compassionate appointments.”

Reply of Government

3.2 In this regard, the Ministry have submitted the following reply:

“It is submitted that the pending requests of two applicants for appointment on Compassionate Ground basis, will be considered as and when vacancy being available under the prescribed 5% quota for compassionate appointments.”

(Vide **MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023**)

Recommendation No. 7

3.3 The Committee had recommended as under:

“The Committee note that since its inception in February, 1989 till 30.09.2022, there have been only 17 lakh beneficiaries belonging to Scheduled Castes under its credit based schemes. The Committee are dismayed to note that in a country like India which has vast population, the beneficiary coverage of NSFDC scheme is quite dismal. As per the data provided during the past 3 years during the credit schemes which have found maximum takers are Term Loan, Laghu Vyayasay Yojana, Micro Credit Finance and Mahila Samridhi Yojana. However some schemes like Stand up India Scheme, Udyam Nidhi Yojana, Mahila Kisan Yojana, Shilpi Samridhi yojana and Vocational Education & Training Loan Scheme have lesser beneficiaries. The Committee have further been informed that since 2013- 14, NSFDC has partnered up with other agencies to expand outreach of schemes under its wing. The Committee would like to be informed whether with adoption of this strategy has there been an exponential increase in the number of beneficiaries. The Committee may also be apprised regarding any alternate strategy being worked out by NSFDC to increase the

number of beneficiaries. The Committee would like to recommend that schemes with low SC beneficiaries should be promoted well enough specifically among the target SC population who can derive maximum benefit from those specific schemes.

The Committee also recommend that NSFDC should consider revamping the norms of the schemes like increase the credit limit and repayment period. NSFDC has also asserted that any interest subvention would not offer any interest margin benefits to NSFDC and would make it more dependent on GoI to sustain the support to the target group on year to year basis and even for meeting its operational costs in the long term. However the Committee would like to impress upon the fact that in order for the benefits of the scheme to reach the lowest rung of society, the interest rate need to be made amenable for them to repay any kind of loan amount. Often the interest rates which are deemed plausible by the corporation are not within the financial status of SC borrowers. Also, Committee feel that the primary goal of NSFDC should be to increase the number of SC beneficiaries rather attaining financial independence for self. Therefore, lowering interest rates for the schemes which are not be availed at all seem like a logical solution at the moment. Interest rates for such schemes can be reverted back to original as and when the numbers rise..”

Reply of Government

3.4 In this regard, the Ministry have submitted the following reply:

“The following is submitted with respect to the observations/recommendations of the Committee regarding growth in number of beneficiaries over the years under NSFDC’s Schemes:

The Committee has sought reply on whether partnering with alternate agencies since 2013-14 for expanding outreach has resulted in increase in number of beneficiaries covered. In this regard, it is submitted that NSFDC was channelizing funds since inception from 08.02.1989 till 31.03.2012 through its traditional agencies namely the State Scheduled Castes Development Corporations nominated by the respective State Governments /Union Territory Administrations as the State Channelizing Agencies (SCAs) of NSFDC. These SCAs were not able to fulfil the prudential norms of NSFDC and NSFDC schemes were non-functional in SC concentrated States such as Uttar Pradesh, Bihar, Madhya Pradesh, Assam, Tamil Nadu, Odisha, Jharkhand etc. Out of total 37 SCAs, only 17 Agencies were functional

in 2022-23. Since 2013-14, the NSFDC, consequent upon the RBI letter No. DBOD.DIR.No.10009.13.7.01/2011-12 dated 11.01.2013 permitting Banks to avail re-finance from NSFDC and charge interest below base rates, started the alternate Banking Channel. The efficacy of the alternate Banking Channel as compared to the existing SCA channel in expanding outreach can be seen from the following table:

Table: Financial and Physical performance through traditional partners during 5 years prior to 2013-14.

Year	Disbursement (Rs./Crore)	Number of Beneficiaries	Number of traditional Partners (SCAs)
2008-09	145.33	37041	21
2009-10	151.19	58983	23
2010-11	180.09	47728	22
2011-12	182.77	43772	20
2012-13	201.55	50048	21
TOTAL	860.93	237572	

Table: Financial and Physical performance through performing SCAs and Alternate Banking Channel since 2013-14.

Amount in Crore and Beneficiaries in Numbers

Year	SCA Channel			Alternate Banking Channel			Total (SCAs+Alt. Channel)	
	Funds Disbursed	Beneficiaries	Number of SCAs	Funds Disbursed	Beneficiaries	Banks availing funds (Number)	Funds Disbursed	Beneficiaries
2013-14	175.60	42025	21	69.54	12950	02	245.14	54975
2014-15	213.65	45120	22	56.62	25765	02	270.27	70885
2015-16	158.29	37370	25	220.65	34545	16	378.94	71915
2016-17	277.45	57306	23	201.53	24799	16	478.98	82105
2017-18	222.93	56383	19	377.96	51957	13	600.88	108340
2018-19	256.48	40566	18	414.72	40865	16	671.21	81431
2019-20	276.90	35907	19	404.60	48063	15	681.50	83970
2020-21	180.05	63824	18	368.18	30178	17	548.23	94002
2021-22	224.40	41992	15	347.61	34227	18	572.01	76219
2022-23	274.49	47718	18	361.46	36270	27	635.95	83988
Total	2260.24	468211		2822.87	339619		5083.11	807830

It may be seen from the above two tables that had share of alternate Banking Channel to the total fund disbursed has increased from 28.36% (2013-14) to 60.76% (2021-22) and the cumulative share of last 10 years comes to 55.34 % of the total disbursement. The total disbursement during the last 10 years has increased number of beneficiaries from 2013-14 to 2022-23 would have been limited to 4.68 lakh numbers only. In actual terms, the alternate

channel has contributed to increase in beneficiaries numbering 339619 which is 42% of the total actual beneficiaries in the corresponding period through both the channels.

Further, it may also be seen that, during the last 02 financial years 2021-22 & 2022-23 the alternate channel has contributed about 45% & 43% of the total year beneficiaries respectively.

The principal source of NSFDC funds are the repayments received from the SCAs/CAs which are recycled for onward lending. In addition to this, MoSJ&E was providing a limited equity support till 2019-20. This equity support has been temporarily stopped from 2020-21 for three years till 2022-23. The funds disbursed to the SCAs/CAs are out of the available resources with NSFDC and on an average 90-95% of available funds are disbursed each year to the SCAs/CAs for onward lending to the beneficiaries. Hence, in the absence of the equity support, NSFDC is under severe constraint to disburse funds out of available resources only. Thus, this factor limits the quantum of funds released by NSFDC leading to low coverage of beneficiaries.

NSFDC loans are extended to the eligible SC beneficiaries for taking up need based business activities. The number of beneficiaries is also inversely proportional to the per capita disbursement which means higher the per capita disbursement, lower the number of beneficiaries. If the beneficiaries choose economic activities having higher investment for acquiring income generating assets, the per capita disbursement will go up. NSFDC's disbursement is incumbent on the nature of project proposals sponsored by its SCAs/CAs. The resultant numbers of beneficiaries are achieved against the amount disbursed in a mix of high, medium and low ticket size loans as per the choice of applicants. Further, the cost of project assets always shows a rising trend due to increase in prices over the years which require higher per capita loans resulting in lower number of beneficiaries. Therefore, to achieve the goal of significant growth in number of beneficiaries, the solution may lie in exploring lending models through last mile financiers and extend small ticket size loans to a large number of SC persons.

The Committee has sought reply on any further alternate strategy being worked out by NSFDC to increase the number of beneficiaries. In this regard, it is to submit that any financing channel has its merits and demerits. The following financing channels are being persisted with since inception with further alternate strategy to improve the financial and physical performance of NSFDC.

Channel	Nature	Agencies	Issues and Strategy
1.	Traditional	State SC Development Corporations	<ul style="list-style-type: none"> • Nominated by State Governments • Very few fulfilling prudential norms. • 17 performing agencies out of 37. • Strategy – continue with traditional partners, handhold, incentivize the performing agencies through continuous engagement with SCAs and State Governments.
2.	Alternate	Banks & Others	<ul style="list-style-type: none"> • Started from 2012-13 • From 1 partner Bank in 2012-13, the numbers of partners have grown to 10 Public Sector Banks and 39 Regional Rural Banks in 2023-24. • Some of the Banks not availing funds after signing MOAs. • NSFDC's strategy is to build a win-win partnership with Banks through consultative and collaborative approach and support from MoSJ&E and DFS, Ministry of Finance. • Of late, Banks have been asking for increase in interest spread from 3% to 4% under NSFDC re-finance. • Some of the RRBs are not fulfilling the NSFDC prudential norms. • Long term strategy is to revise the NSFDC Lending Models to make it more acceptable to Banks.
3.	Alternate	NBFC-MFIs	<ul style="list-style-type: none"> • NBFC-MFI are last mile financiers working under RBI regulations. • NSFDC had started the NBFC-MFI channel in 2014-15 after approval of RBI with one partner from Aurangabad, Maharashtra. • The channel could not expand from 2014-15 till 2021-22 due to stringent security norms of NSFDC for disbursements to NBFC-MFIs. • NSFDC with the support of Sa-dhan (Professional Body of MFIs in the country recognized by RBI and various Central Ministries) has revised its security norms for a limited pilot lending in three Eastern States (Bihar, Odisha and Jharkhand). • On success of the pilot, further steps will be taken to expand outreach through NBFC-MFIs in other States which may result in significant growth in beneficiaries.

4.	Future Partners	Small Finance Banks	<ul style="list-style-type: none"> • RBI licenced Small Finance Banks are operating in the country since last three years. • There are 12 SFBs operating Pan India with strong presence in certain regions of
			<p>the country.</p> <ul style="list-style-type: none"> • These SFBs are also last mile financiers which can be explored for expanding outreach under NSFDC schemes resulting in increase in beneficiaries. • NSFDC may study the performance of SFBs and explore channelizing funds through some of them in 2023-24.
5.	Future Partners	Mahila Nidhis and State Cooperative Banks	<ul style="list-style-type: none"> • There are 2 successful Mahila Nidhis namely StreeNidhi, Telangana and StreeNidhi, AP partly funded by the concerned Rural Development Departments of the States with remaining equity from the community. • NSFDC already has a MOA with StreeNidhi, Telangana which has been funded Rs.50.00 crore in 2022-23 for 5,555 SC women beneficiaries. • Efforts are underway to sign MOA with StreeNidhi, AP too. • The Government has decided to form StreeNidhi type of Organizations in some more States including Rajasthan, Gujarat, Madhya Pradesh etc. • As and when, these Organizations are formed and start functioning, NSFDC may explore partnership with them for achieving increase in number of beneficiaries.
6.	Future Partners	State Cooperative Banks and Mahila Urban Cooperative Banks	<ul style="list-style-type: none"> • Cooperative Banks have come under RBI regulation recently. • NSFDC may identify State Cooperative Banks having sound financial position and explore partnership with them. • These prospective partnerships will help cover SC beneficiaries in uncovered areas.

The Committee has recommended revamping the NSFDC Schemes to increase credit limit and repayment period besides reducing the interest rates for ultimate beneficiaries in schemes where lending is low. In this regard, following submissions are made:

- (g) NSFDC provides financial assistance for need income generating activities of

SC persons having annual family income of up to Rs.3 lakh.

- (h) The present NSFDC lending policy is liberal to allow financial assistance under projects costing up to Rs.50 lakh per unit.
- (i) NSFDC has recently increased the credit limit from 90% to 95% of project cost for loans above Rs.10 lakh. It implies that NSFDC can provide maximum loan up to Rs.47.50 lakh in the project of Rs.50 lakh per unit. Further for business loans, the NSFDC allows repayment in up to 10 years' time depending upon nature of business. NSFDC repayment period also includes sufficient moratorium period on payment of principal amount to help the SC entrepreneurs to first stand up on their own feet while managing their business ventures.
- (j) NSFDC has also revised the Education Loan limit from Rs. 10 lakh to Rs. 20 lakh for full time professional / Technical courses in India and from Rs. 20 lakh to Rs. 30 lakh for studies abroad. This will enable the eligible SC students to meet the entire costs of their courses at a concessional rate of interest under NSFDC's Education Loan Scheme.
- (k) During 2022-23, the MoSJ&E launched a new scheme Development Action Plan for Scheduled Castes: Anusuchit Jati Abhyuday Yojana (DAPSC: AJAY) having two distinct components for providing interest subvention for the eligible Scheduled Castes loanees of Banks / SCAs. The first component – Amrit Jaldhaara Scheme (AJS) provides one time capital subsidy of maximum Rs. 50,000 /- per unit or 50% of the loan amount to Scheduled Castes persons. The other component - Young Entrepreneur Scheme (YES) provides one time capital subsidy of maximum Rs. 60,000/- or 50% of the loan amount to the eligible SC persons involved in economic activities strengthening logistics, warehouses, commercial vehicles etc. The NSFDC was nominated as a Nodal Agency for implementing DAPSC: AJAY for 2022-23. The status of transfer of one time Subsidy under AJS and YES is as under:

(Amount in Rs. crore, Beneficiaries in numbers)

Scheme Component	Released by MoSJ&E		Transferred by NSFDC		Balance Required	
	Amount	Beneficiaries	Amount	Beneficiaries	Amount	Beneficiaries
AJS	66.55	13,373	1.97	395	64.58	12,978
YES	112.99	19,653	49.68	8,767	63.31	10,886
Total	179.54	33,026	51.65	9,162	127.89	23,864

The total claim received in NSFDC up to 31.03.2023 is for Rs.249.51 crore against the target of Rs.230.00 crore. The above one time subsidies are helpful in reducing loan burden on the beneficiaries who are regularly repaying loans.

- (l) The present NSFDC differential interest rates for the ultimate borrowers (4- 8% p.a.) are quite concessional in nature and lower than the Bank rates (9- 12% p.a.). In the channel finance system in which NSFDC lends to its agencies, further lowering the interest rates may not be practical. The ultimate interest rate to SC borrowers can be broken down into two components i.e. the NSFDC lending rate to the SCAs/CAs and the interest spread allowed to Agencies. This is explained in the table below:

Scheme & loan size	NSFDC rate to SCAs/CAs	Interest spread for SCAs/CAs	Interest rate to borrowers
Mahila S Y (up to Rs.1.25 lakh)	1%	3%	4%
MCF(up to Rs.1.25 lakh)	2%	3%	5%
LVY(up to Rs.5 lakh)	3%	3%	6%
Term Loan (upto >5 lakh to Rs.10 lakh)	5%	3%	8%
TL (>10 lakh and upto Rs.47.50 lakh)	6%	3%	9%

Practically, about 93% of total NSFDC loans are for smaller ticket size up to Rs.5 lakh. It may be seen that for small schemes, NSFDC lending rates to SCAs/CAs such as 1%, 2%, 3% are very nominal. A minimum interest spread of 3% to SCAs/CAs is considered necessary as they identify credit worthy borrowers, carry out documentation, disburse and recover loans. NSFDC's weighted average earning is only about 2.45%. In other words, there is practically no scope to further reduce the NSFDC's lending rate in loans up to Rs.5 lakh or the interest spread to SCAs/CAs just to bring down the interest rate for ultimate SC borrowers. However, for term loans of high value i.e. above Rs.5 lakh and up to Rs.47.50 lakh per unit, NSFDC may explore to reduce its lending rates, provide slightly more spread to SCAs/CAs while marginally reducing the interest rates for ultimate borrowers."

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Comments of the Committee

3.5 Please see Para No. 1.13 of Chapter I

Recommendation No. 12

3.6 The Committee had recommended as under:

“The Committee note that the NSFDC provides loans through State Channelizing Agencies (SCAs) nominated by the State Governments/UT Administration and other Channelizing Agencies (CAs) and also that there are various mechanisms in place to monitor performance of these SCAs. The Committee would like to be apprised whether any analysis of utilization reports submitted by various SCAs/CAs has been done. If yes, what are the findings of the same? Also in case any shortcoming/discrepancies noticed, what follow up action is sought from SCAs/CAs. Regarding the review of progress of various schemes by NSFDC with SCAs/CAs, what steps are suggested and strategies drawn to promote schemes whose potential are not being utilized to the fullest. The Committee also note that NSFDC officials participate in the Board meetings of SCAs and discuss pending issues. The Committee would like to be made aware of these pending issues. The Committee recommend that at these meeting yearly target should be given to SCAs in terms of beneficiaries to be covered and budget utilization. The Committee have been informed that NSFDC officials carry out periodical inspection of units financed by NSFDC. The Committee may be apprised of the findings of such inspection. It is also recommended that such visits be carried out without prior notice to concerned units. Further, formal inspection reports be prepared and defaulting SCAs may be asked to furnish explanation for any discrepancies found whatsoever.”

Reply of Government

3.7 In this regard, the Ministry have submitted the following reply:

The information sought by the Committee is furnished as under:

- (i) The utilization reports are received by NSFDC against funds disbursed to the SCAs/CAs. The reports have details such as Names of the beneficiaries, Address, State, total unit cost, amount disbursed to suppliers of assets/beneficiaries, date of disbursement, nature of economic activity etc. NSFDC processes the utilization

reports and communicates the utilization accepted and not accepted with reasons. After analysis of the utilization reports, the cumulative utilization percentage on a specific date is arrived at and the SCAs are asked to furnish remaining utilization for accounting the unutilized funds. As per prudential norms of NSFDC, the SCAs are required to maintain cumulative utilization level of 80% and above to be eligible for any further disbursement. The details of SCA-wise utilization of funds as on 31.03.2023 are enclosed at **Annexure-II** for information of the Committee.

- (ii) The ministry has assigned a PMU for monitoring the impact of NSFDC schemes in selected States. The PMU organised evaluation studies in few States like Haryana & Rajasthan.
- (iii) As regards, review of progress of various schemes by SCAs is concerned, NSFDC attempts to obtain feedback from the beneficiaries through visits to the units by NSFDC officials from its Liaison Centres and Head Office. The inspection of beneficiaries units are done on random sampling basis without any prior notice to the units. In addition, NSFDC also conducts independent evaluation studies through External Agencies every year and communicates the findings and observations to the SCAs seeking their Action Taken Reports. The summary of evaluation studies organised by NSFDC during the last three years is as under:

Particulars	Evaluation initiated by NSFDC		Evaluation by Ministry 2019-20 (by Centre for Market Research & Social Development-CMSD)
	2017-18	2018-19	
No of States Covered	13	9	5
Utilization for the intended purpose	96.31%	98.6%	99.60%
Beneficiaries possessed the assets created	94.92%	93.00%	99.50%
Beneficiaries crossed BPL	99.88%	100%	68.10%
Beneficiaries crossed DPL	91.11%	2.8%	25.70%
2020-21	Not conducted due to COVID 19.		

2021-22	External Evaluation has been conducted and report is under finalization.
2022-23	Upon completion of the study of 2021-22, the standard process for selection of independent Agencies for evaluation study will be done.

(Vide MOSJ&E O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

CHAPTER – IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation No. 1

4.1 The Committee had recommended as under:

“The Committee are disappointed over the fact that National Scheduled Castes Finance and Development Corporation (NSFDC) being a pioneering organization mandated for economic upliftment of Scheduled Castes, itself do not have enough representation of Scheduled Castes in Board of Directors. Out of total 15 Members, there are currently only 2 SC members in Board of Directors. As per information provided to the Committee, there are 2 vacancies in Non-Official and 7 vacancies in Official Board of Directors (including 3 Official Director posts in State SC Development Corporation) lying vacant. The Committee strongly feel that induction of an SC candidate in Board of Director would prove to be a catalyst in shaping the overall functioning of NSFDC. The Committee feel that the person belonging to SC category would be more personally invested in implementing various schemes meant to empower SC applicants financially with right perspective. Also he/she would be well aware of the various bottlenecks and tribulations being faced by the target groups due to which they are not able to utilize the benefits of path breaking schemes being offered by NSFDC. Accordingly they would also be able to provide rational solutions to bypass them. The Committee would therefore like to recommend strongly that vacant posts in Board of Directors should be filled at the earliest while ensuring adequate representation of Scheduled Castes therein..”

Reply of Government

4.2 In this regard, the Ministry have submitted the following reply:

“The composition of the Board is provided in the Article 55(2) of the Articles of Association of NSFDC. Proposal for 04 Directors i.e. representing NABARD, Ministry of Small and Medium Enterprises (MSME), Ministry of Finance.” and AFC India Limited has been approved by Hon’ble MSJE. Further action for notification of the same is under process.”

(Vide **MOSJ&E** O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Comments of the Committee

4.3 Please see Para No. 1.7 of Chapter I

Recommendation No.8

4.4 The Committee had recommended as under:

“The Committee observe that as on 31.10.2022, the authorized share capital of NSFDC is Rs. 1500 crore during the span of 33 years since its inception. The Committee opine that considering the credit schemes which are being floated by NSFDC, an amount of Rs 1500 crore is quite meager. The Committee have been informed that during the year 2021-22, NSFDC has sought for a share capital of Rs 2500 crore which is awaiting comments of various ministries/Departments. The Committee would like to recommend that the matter should be vigorously pursued by NSFDC with the government at the highest level in order to enhance the funding for various schemes.”

Reply of Government

4.5 In this regard, the Ministry have submitted the following reply:

“The matter of enhancement of authorized share capital of NSFDC from Rs.1500 crore to Rs.2500 crore was submitted for approval of Expenditure Finance Committee. In place of enhancement of authorized share capital, the Department of Expenditure, Ministry of Finance has vide OM No. 41(06)/PFC-II/2018-Vol.1 dated 14.12.2022 has approved a one-time capital infusion of Rs.15.00 crore only as B.E. for 2023-24 whereas as per the proposal for enhancement of authorized share capital of NSFDC from Rs.1500 crores to Rs. 2500 crore, NSFDC needs equity support of Rs. 200 crore for disbursing Rs. 885.00 crore to cover 1,28,000 beneficiaries in 2023-24.”

(Vide **MOSJ&E** O.M. No. U-16011/7/2022-SCD-IV, Date 20.7.2023)

Comments of the Committee

4.6 Please see Para No. 1.10 of Chapter I

CHAPTER – V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES
OF THE GOVERNMENT HAVE NOT BEEN RECEIVED**

- Nil -

**New Delhi;
14 December, 2023
23 Agrahayana, 1945(Saka)**

**DR. KIRIT P. SOLANKI
Chairperson
Committee on the Welfare of
Scheduled Castes and Scheduled Tribes**

APPENDIX –II

(Vide Para 4 of Introduction)

Analysis of action taken by the Government on the recommendations contained in the Twenty Third Report (Seventeenth Lok Sabha) of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes.

1.	Total number of recommendations.....	13
2.	Recommendations/observations which have been accepted by the Government (<i>vide</i> recommendations at Sl. No. 2, 3, 4, 5, 9, 10, 11 & 13).....	
8	Number Percentage to the total	62%
3.	Recommendations/observation which the Committee do not desire to pursue in view of the Government replies (<i>vide</i> recommendations at Sl. No. 6, 7 and 12	3
	Number Percentage to the total.....	23%
4.	Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration (<i>vide</i> recommendations at Sl. Nos. 1 and 8.....	2
	Number Percentage to the total.....	15%
5.	Recommendations/observations in respect of which final replies of the Government have not been received	NIL

**COMMITTEE ON THE WELFARE OF SCHEDULED CASTES
AND SCHEDULED TRIBES
(2023-2024)**

(SEVENTEENTH LOK SABHA)

**EIGHTH SITTING
(13.12.2023)**

MINUTES

The Committee sat on 13.12.2023 from 1000 hrs. to 1100 hrs. in Chairperson Chamber, Room No. 137, Third floor, Parliament House, New Delhi-110001

PRESENT

Shri Kirit Premjibhai Solanki - Chairperson

MEMBERS

LOK SABHA

2. Smt. Pratima Mondal
3. Shri Vincent H. Pala
4. Smt. Sandhya Ray
5. Shri Jagannath Sarkar

RAJYA SABHA

6. Shri Abir Ranjan Biswas
7. Smt. Phulo Devi Netam
8. Smt. Kanta Kardam
9. Dr. Sumer Singh Solanki
10. Shri Samir Oraon
11. Shri Niranjan Bishi

SECRETARIAT

- 1 Shri D.R. Shekhar, Joint Secretary
- 2 Shri R.L. Yadav, Director
- 3 Shri. Ajay Kumar Prasad, Deputy Secretary

At the outset, the Chairperson welcomed the Members of the Committee. The Committee then considered the draft report on Action taken by the Government on the recommendations contained in the Twenty Third Report (17th Lok Sabha) of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes on the Subject- "Review of Functioning of National Scheduled Castes Finance and Development Corporation (NSFDC)".

2. After due consideration, the Committee adopted the aforementioned Report without any modification. The Committee also authorized the Chairperson to present the Report to both the Houses of Parliament during the ongoing Session.

The sitting of the Committee then adjourned.